

**Beaver County
Chippewa District Court
36-3-02**

**Audit Report
For the Period January 2008 through December 2009**

**David A. Rossi
Beaver County Controller**

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DAVID A. ROSSI
CONTROLLER



WILLIAM CALHOON
CHIEF DEPUTY CONTROLLER
ALBERT A. TORRENCE
SOLICITOR

BEAVER COUNTY COURTHOUSE
THIRD STREET - BEAVER, PENNSYLVANIA 15009-2196
TELEPHONE: Area Code 724-728-5700
FAX: 724-728-1024

June 7, 2010

Mr. Douglas Loughner
District Court 36-3-02
19 Cessna Drive Chippewa Twp
Beaver Falls, PA 15010

Dear Mr. Loughner:

We have audited the financial records of District Court 36-3-02 in the county of Beaver of the state of Pennsylvania for the period January 1, 2008 through December 31, 2009. Based upon the audit we have issued our report thereon dated June 7, 2010.

We conducted our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Based upon our review of the financial records, we have made the following observation and recommendation as detailed in this report.

David A. Rossi
Beaver County Controller

AUDIT SCOPE:

The scope of this audit encompasses the period from January 1, 2008 to December 31, 2009.

AUDIT OBJECTIVES:

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Prepare a financial statement for each year reviewed
- Evaluate controls over the District Court checking account
- Ensure that funds are deposited on the same day received
- Ensure that funds received are disbursed to the proper payees
- Ensure that funds held in escrow are adequate
- Ensure that funds receipted are applied to the proper case
- Ensure that costs and fines are properly split upon receipt
- Ensure that reports and funds due to the Commonwealth were correct and remitted in a timely manner
- Ensure that proper documentation was maintained in the case file
- Evaluate the controls over cash
- Evaluate the controls over purchasing and the administration of the budget
- Evaluate controls over general office procedures

**DISTRICT COURT 36-3-02
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2008**

Beginning cash balance (1/1/2008) **\$ 11,392.04**

Receipts:

Traffic	\$ 216,788.64
Collateral	39,148.55
Non-Traffic	33,397.80
Criminal, Civil, etc.	<u>32,022.93</u>
 Total Revenues	 321,357.92

Disbursements:

Commonwealth of Pennsylvania	\$ 215,997.63
Beaver County	46,730.97
Restitution & Refund Bail / Collateral	18,596.14
Chippewa Township	14,135.61
Server Fees	12,062.97
Koppel Boro	4,642.92
South Beaver Township	2,493.80
Darlington Township	2,368.62
Blackhawk School District	1,988.55
Big Beaver Boro	1,172.27
New Galile Boro	394.65
Darlington Boro	382.17
Homewood Boro	<u>231.06</u>
 Total Disbursements	 (321,197.36)

Adjustments:

Adjustment for void checks	333.76
Overpayment of IOLTA	<u>(0.25)</u>

Ending cash balance (12/31/2008) **\$ 11,886.11**

**DISTRICT COURT 36-3-02
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2009**

Beginning cash balance (1/1/2009) **\$ 11,886.11**

Receipts:

Traffic	\$ 228,062.99
Non-Traffic	39,173.78
Collateral	38,021.18
Criminal, Civil, etc.	<u>37,106.20</u>
 Total Revenues	 342,364.15

Disbursements:

Commonwealth of Pennsylvania	\$ 221,214.69
Beaver County	47,776.11
Restitution & Refund Bail / Collateral	20,652.12
Chippewa Township	13,826.53
Server Fees	13,015.88
Darlington Township	4,151.19
South Beaver Township	3,607.75
Koppel Boro	3,328.12
Big Beaver Boro	3,230.91
Blackhawk School District	1,391.13
New Galile Boro	192.17
Homewood Boro	150.00
Darlington Boro	<u>80.94</u>
 Total Disbursements	 (332,617.54)

Adjustments:

Adjustment for void checks	200.38
Un-reimbursed bank charges	<u>(1.00)</u>

Ending cash balance (12/31/2009) **\$ 21,832.10**

DISTRICT COURT 36-3-02
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2008 THROUGH DECEMBER 31, 2009

Note 1: Summary of Significant Accounting Policies - District Court 36-3-02 reports on the cash basis of accounting. Under the cash basis of accounting revenues are recognized when received and expenses recognized when the disbursement is made.

Note 2: Traffic Receipt/Disbursement Categories -Transactions resulting from summary proceedings for offenses arising under the Pennsylvania Motor Vehicle Code and violations of local parking ordinances.

Note 3: Non-Traffic Receipt/Disbursement Categories -Transactions resulting from non-traffic summary proceedings initiated by a police officer or private citizen.

Note 4: Criminal, Civil, etc. Receipt Categories -Transactions resulting from misdemeanor and/or felony charges brought by a police officer or private citizen. Transactions resulting from Landlord-Tenant actions or, civil actions filed for tortious conduct or contractual issues.

Note 5: Collateral Receipt Categories - Miscellaneous funds and funds deposited in escrow.

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June 7, 2010

Mr. Douglas Loughner
District Court 36-3-02
19 Cessna Drive Chippewa Twp
Beaver Falls, PA 15010

Report on Internal Control Structure

We have audited the accompanying statement of account of the District Court 36-3-02, Beaver County, Pennsylvania, for the period January 1, 2008 to December 31, 2009, and have issued our report thereon dated June 7, 2010.

We conducted our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the District Court 36-3-02, Beaver County, Pennsylvania, for the period January 1, 2008 to December 31, 2009, we considered the office's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the District Court is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in accordance with prescribed policies. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, future reliance on any evaluation of the structure, past or current, is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the internal control structure we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally, we assessed control risk for the internal control structure. Compliance with applicable laws and regulations was considered when assessing control risk for the internal control structure.

We noted certain matters involving the internal control structure and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

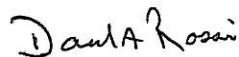
A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial statements being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. We noted the following reportable condition:

- Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments

For further elaboration on this weakness, refer to the "Observation and Recommendation" section of this audit report.

This report is intended solely for the information and use of the Office of the Controller, management, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



David A. Rossi
Beaver County Controller

OBSERVATION AND RECOMMENDATION

Observation: Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments

The Chippewa District Court processed 88 Time Served adjustments in 2008-2009 totaling \$(17,920.61). An audit review was performed of 14 jail time compensation adjustments totaling \$(4,910.85). For 7 of the cases [50%] no documentation or incomplete documentation was present of the authorization given by the Magisterial District Justice to reduce fines and costs.

This condition was cited in the prior audit performed by Beaver County Audit Department, but was not corrected as of our most recent audit.

Audit Recommendation:

No adjustments to fines and costs should be made without complete documentation of the Magisterial District Justice authorization and approval. This authorization should contain at a minimum an original signature from the MDJ, the date, defendants name, docket number, the amount of costs and/or fines to be reduced, and any other conditions or requirements prior to allowing the jail time compensation adjustment.

An exit conference was held on June 7, 2010 at District Court 36-3-02 for the purpose of discussing the items presented in this report. Those in attendance were:

District Court 36-3-02

Douglas Loughner - District Justice

Mary Ellen Dean - Office Manager

Beaver County Controller's Office

Cheryl Spagnola - Auditor

The results of the audit were discussed in their entirety during this conference.

A form has been enclosed with this report to be completed by the District Court. This form restates all observations noted in the audit. The District Court is requested to complete the corrective action section for each observation. If no corrective action has been taken, please state this. Return this form to the Office of the Controller within thirty days of receipt. This form will be incorporated and become a part of this report. As a part of the Office of the Controller's normal reporting procedure, a copy of this report along with your responses will be distributed to the Beaver County Court Administrator and will be posted in the Controller's section of the Beaver County website.

**DISTRICT COURT 36-3-02 - CHIPPEWA
AUDIT RESPONSES
FOR THE PERIOD JANUARY 2008 THROUGH DECEMBER 2009**

District Court 36-3-02
Audit Responses
January 2008 through December 2009 Audit

Summary of Observation:

Observation: Improvement was needed in the processing procedures for Jail Time Served Compensation Adjustments

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Corrective Action Implemented By District Court:

Approval + authorization will
be signed by MDJ —

Date Corrective Action Was Implemented: 6-22-10

Signature of Elected Official:

Dan Lammner

Date:

7-22-10